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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

UNITED STATES OF AMERICA,

Plaintiff,

v.

PAUL J. BRODY,

Defendant.

CR NO.

18- 00188-CAS

I N F O R M A T I O N

[18 U.S.C. § 1341: Mail Fraud;
18 U.S.C. § 2(b): Causing An Act
To Be Done]

[UNDER SEAL]

The United States Attorney charges:

[18 U.S.C. §§ 1341, 2(b)]

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Information:

1. Culver City Surgical Specialists, Inc. ("Culver City Surgical") was a health care provider that provided medical procedures, including surgical and gastroenterology procedures, located at 3831 Hughes Avenue, Suite 702, Culver City, California, within the Central District of California.

2. Defendant PAUL J. BRODY ("BRODY") was a doctor of podiatric medicine licensed with the State of California and the owner and operator of Culver City Surgical. Defendant BRODY was a resident of

1 Los Angeles County, California, within the Central District of
2 California.

3 3. Port Medical 1 was a medical clinic located at 2530
4 Atlantic Boulevard, Suite A, Long Beach, California, within the
5 Central District of California.

6 4. Port Medical 2 was a medical clinic located at 407 North
7 Harbor Boulevard, San Pedro, California, within the Central District
8 of California (collectively, with Port Medical 1, the "Port Medical
9 Clinics").

10 The ILWU-PMA Plan

11 5. The International Longshore and Warehouse Union, formerly
12 known as the International Longshoremen's and Warehousemen's Union
13 ("ILWU"), together with various ILWU locals in different port
14 locations, represented dock workers at ports on the West Coast of the
15 United States, including at the ports of Los Angeles and Long Beach
16 within the Central District of California.

17 6. The Pacific Maritime Association ("PMA") represented member
18 organizations involved in the shipping industry and arranged on their
19 behalf for the hiring of dock workers at ports on the West Coast of
20 the United States, including at the ports of Los Angeles and Long
21 Beach within the Central District of California.

22 7. The International Longshoremen's and Warehousemen's Union -
23 Pacific Maritime Association Welfare Plan (the "ILWU-PMA Plan") was a
24 benefit plan, established by agreement between the ILWU and PMA and
25 affecting commerce, that provided a variety of benefits, including
26 health care benefits, to eligible active and retired ILWU members and
27 their qualified dependents and survivors. Eligible recipients of
28 health care benefits under the ILWU-PMA Welfare Plan had an annual

choice to have those benefits provided through either a Health Maintenance Organization ("HMO") or a self-funded program that, effective July 1, 2000, was the ILWU-PMA Welfare Plan Self Funded Programs Coastwise Indemnity Plan (the "Plan"). The Plan was funded almost entirely by the PMA.

8. The Plan reimbursed providers of medical services, including physicians, chiropractors, and medical clinics (collectively "providers"), that treated patients covered by the Plan ("Plan members"). Each Plan member was issued a subscriber identification card that identified the Plan member by a unique identification number ("Plan member ID Number").

9. The Plan required providers to submit claim forms in order to receive reimbursement for medical services provided to subscribers. Among other information, providers were required to include in the claim forms: (i) the Plan member's name and ID Number; (ii) the type of service provided (identified by a standardized procedure code number known as a "CPT Code"); (iii) the date the service was provided; (iv) the charge for the service; (v) the diagnosis (identified by a standardized diagnostic code number, the "ICD-9 Diagnosis Code"); and (vi) the provider's name and/or identification number.

10. Effective July 1, 2000, the Plan was administered by the ILWU-PMA Benefit Plans office, with claims processed and paid through the ILWU-PMA Coastwise Claims Office ("Coastwise Claims"). Subsequently, the Plan shifted to using a third party administrator ("TPA"), which, from 2008 until 2013, was CIGNA, but claims for medical services provided to Plan members continued to be processed and paid through Coastwise Claims. Coastwise Claims used the United

1 States mail to send to providers reimbursement checks resulting from
2 processed claims.

3 11. The Plan had a Preferred Provider Organization ("PPO"),
4 which included providers that were referred to as "in-network"
5 providers. For medical services provided by in-network providers,
6 the Plan generally covered 100 percent of the PPO charge with no
7 deductible and without requiring Plan members receiving the services
8 to contribute any copay amount or incur any other out-of-pocket
9 costs.

10 12. For other providers, including Culver City Surgical, which
11 were not part of the PPO, and were referred to as "out-of-network"
12 providers, the Plan generally paid 80 percent of the Usual Customary
13 Reasonable ("UCR") amount, which generally resulted in the Plan
14 member being responsible for the remaining 20 percent as a co-pay,
15 which the Plan member was required to pay out-of-pocket. In
16 addition, the Plan generally reimbursed out-of-network providers in
17 higher amounts than it reimbursed in-network providers.

18 B. THE FRAUDULENT SCHEME

19 13. Beginning in or about January 2012, and continuing through
20 in or about April 2013, in Los Angeles County, within the Central
21 District of California, and elsewhere, defendant BRODY, together with
22 others known and unknown to the United States Attorney, knowingly and
23 with intent to defraud, devised, participated in, and executed a
24 scheme to defraud the Plan as to material matters, and to obtain
25 money and property from the Plan by means of material false and
26 fraudulent pretenses, representations, and promises, and the
27 concealment of material facts.
28

C. THE MANNER AND MEANS OF THE SCHEME

14. The scheme to defraud operated, in substance, in the following manner and by the following means:

a. Defendant BRODY paid kickbacks to the owners and operators of the Port Medical Clinics in exchange for referrals of Plan members, including Plan member N.L., to Culver City Surgical.

b. In order to pay the kickbacks to the owners and operators of the Port Medical Clinics, defendant BRODY wrote checks to individuals and entities associated with the Port Medical Clinics. Defendant BRODY attempted to disguise the nature of the checks by falsely characterizing the checks as payment for expenses including "Rent" or "Mgt Fee," when in truth, as defendant BRODY well knew, the payments were for referrals of Plan members to Culver City Surgical.

c. At times, defendant BRODY paid, and caused others at the Port Medical Clinics to pay, cash to Plan members, in order to induce the Plan members to receive medical procedures at Culver City Surgical.

d. After defendant BRODY obtained Plan members from the owners and operators at the Port Medical Clinics, defendant BRODY submitted and caused to be submitted to the Plan, claims for reimbursement for services that were provided at Culver City Surgical.

e. In breach of a duty that defendant BRODY owed to the Plan, defendant BRODY knowingly concealed from the Plan material facts, including that: (1) defendant BRODY paid kickbacks to the owners and operators of the Port Medical Clinics for Plan member referrals, including Plan member N.L.; and (2) defendant BRODY paid and caused others to pay remuneration to Plan members to induce the

Plan members to receive medical procedures from Culver City Surgical Center.

D. THE USE OF THE MAIL

15. On or about the date set forth below, defendant BRODY, together with others known and unknown to the United States Attorney, for the purpose of executing and attempting to execute the above described fraudulent scheme, willfully caused to be placed in a post office and authorized depository for mail matter the following check drawn on a Coastwise Claims bank account to be sent and delivered by the United States Postal Service to Culver City Surgical Center, in Los Angeles County, within the Central District of California:

DATE	ITEM MAILED
April 5, 2013	Check No. 8824666 payable to Culver City Surgical in the amount of \$50,982.92, which included payment of a claim for services purportedly provided to N.L., on or about November 8, 2012.

TRACY L. WILKISON
Attorney for the United States,
Acting Under Authority Conferred
by 28 U.S.C. § 515



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